

Status: Ready To File

Western Massachusetts Electric Company
Docket No. DTE 04-106

Information Request DTE-01
Dated: 12/02/2004
Q- DTE1-027
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Witness: Richard A. Soderman
Request from: Department of Telecommunications and Energy

Question:

Refer to the Settlement Agreement, Article I.

- (a) provide with supporting schedules an estimate of the unit transition charge that would be sufficient to service WMECo's outstanding rate reduction bonds; and
- (b) estimate the probability that such a unit transition charge would increase above 5 mills in 2005 and in 2006, explaining the basis for such estimate.

Response:

a) Please refer to pages 2 through 24 for the Company's Rate Reduction Bond (RRB) advice letters filed with the Department. Below is a summary of the RRB rates included in the transition charge as stated in the yearly advice letters.

Pages 2 through 15

Issuance Advice Letter filed on May 16, 2001 setting the initial RRB charge at 0.5233 cents/kwh.

Pages 16 through 18

Annual RTC True-Up Mechanism Advice Filing issued on December 17, 2001 adjusting the RRB charge to 0.4965 cents/kwh.

Pages 19 through 21

Annual RTC True-Up Mechanism Advice Filing issued on December 13, 2002 adjusting the RRB Charge to 0.4956 cents/kwh.

Pages 22 through 24

Annual RTC True-Up Mechanism Advice Filing issued on December 15, 2003 adjusting the RRB Charge rate to 0.4578 cents/kwh.

b) Forecasted Transition Charge

The Company is currently preparing its annual Advice Letter for 2005 which is expected to be filed in mid-December 2004. WMECO does not project the RRB charge for future periods, however when the RRB was issued in 2001 a long term unit rate forecast was provided by Salomon Smith Barney. Page 25 provides a comparison of the 2001 through 2004 actual RRB Charges to the 2001 forecast as well as the 2005-2006 projected rate. WMECO believes that, under normal circumstances, the RRB charge will not exceed the 5 mill transition charge for 2005 and 2006.



DTE1-027, IAL pgs. 2 - 3.doc



DTE1-027, IAL pgs. 4 - 15.doc



DTE1-027, 2002 pgs 19 - 21.doc



DTE1-027, TC rate, pg 25.xls



DTE1-027, 2003 pgs. 22 - 24.doc



DTE1-027, 2001 pgs 16 - 18.doc